

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 1042

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DATE	D-PG	OFFICIAL STATUS
02/23/2015	394	Introduction and first reading Referred to Finance

1.1 A bill for an act
 1.2 relating to education finance; increasing funding to area learning centers;
 1.3 appropriating money; amending Minnesota Statutes 2014, sections 123A.05,
 1.4 subdivision 2, by adding a subdivision; 127A.47, subdivision 7.
 1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2014, section 123A.05, subdivision 2, is amended to read:

1.7 Subd. 2. **Reserve revenue.** Each district that is a member of an area learning center
 1.8 or alternative learning program must reserve revenue in an amount equal to the sum of (1)
 1.9 at least 90 and no more than 100 percent of the district average general education revenue
 1.10 per adjusted pupil unit minus an amount equal to the product of the formula allowance
 1.11 according to section 126C.10, subdivision 2, times .0466, calculated without basic skills
 1.12 revenue, local optional revenue, and transportation sparsity revenue, times the number of
 1.13 pupil units attending an area learning center or alternative learning program under this
 1.14 section, plus (2) the amount of basic skills revenue generated by pupils attending the
 1.15 area learning center or alternative learning program, plus (3) the amount of additional
 1.16 revenue under subdivision 2a. The amount of reserved revenue under this subdivision
 1.17 may only be spent on program costs associated with the area learning center or alternative
 1.18 learning program.

1.19 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2016
 1.20 and later.

1.21 Sec. 2. Minnesota Statutes 2014, section 123A.05, is amended by adding a subdivision
 1.22 to read:

2.1 Subd. 2a. **Additional revenue.** Additional revenue for an area learning center
2.2 operated by an intermediate school district, education district, service cooperative, or other
2.3 joint powers entity equals the number of pupil units attending the area learning center
2.4 times the sum of the statewide average referendum revenue and local optional revenue for
2.5 the member districts of that cooperative unit.

2.6 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2016
2.7 and later.

2.8 Sec. 3. Minnesota Statutes 2014, section 127A.47, subdivision 7, is amended to read:

2.9 Subd. 7. **Alternative attendance programs.** (a) The general education aid and
2.10 special education aid for districts must be adjusted for each pupil attending a nonresident
2.11 district under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The
2.12 adjustments must be made according to this subdivision.

2.13 (b) For purposes of this subdivision, the "unreimbursed cost of providing special
2.14 education and services" means the difference between: (1) the actual cost of providing
2.15 special instruction and services, including special transportation and unreimbursed
2.16 building lease and debt service costs for facilities used primarily for special education, for
2.17 a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section
2.18 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil
2.19 receives special instruction and services outside the regular classroom for more than
2.20 60 percent of the school day, the amount of general education revenue and referendum
2.21 equalization aid as defined in section 125A.11, subdivision 1, paragraph (c), attributable
2.22 to that pupil for the portion of time the pupil receives special instruction and services
2.23 outside of the regular classroom, excluding portions attributable to district and school
2.24 administration, district support services, operations and maintenance, capital expenditures,
2.25 and pupil transportation, minus (3) special education aid under section 125A.76
2.26 attributable to that pupil, that is received by the district providing special instruction and
2.27 services. For purposes of this paragraph, general education revenue and referendum
2.28 equalization aid attributable to a pupil must be calculated using the serving district's
2.29 average general education revenue and referendum equalization aid per adjusted pupil unit.

2.30 (c) For fiscal year 2015 and later, special education aid paid to a resident district
2.31 must be reduced by an amount equal to 90 percent of the unreimbursed cost of providing
2.32 special education and services.

2.33 (d) Notwithstanding paragraph (c), special education aid paid to a resident district
2.34 must be reduced by an amount equal to 100 percent of the unreimbursed cost of special
2.35 education and services provided to students at an intermediate district, cooperative, or

3.1 charter school where the percent of students eligible for special education services is at
3.2 least 70 percent of the charter school's total enrollment.

3.3 (e) Special education aid paid to the district or cooperative providing special
3.4 instruction and services for the pupil, or to the fiscal agent district for a cooperative,
3.5 must be increased by the amount of the reduction in the aid paid to the resident district
3.6 under paragraphs (c) and (d). If the resident district's special education aid is insufficient
3.7 to make the full adjustment, the remaining adjustment shall be made to other state aids
3.8 due to the district.

3.9 (f) An area learning center operated by a service cooperative, intermediate district,
3.10 education district, or a joint powers cooperative may elect through the action of the
3.11 constituent boards to charge the resident district tuition for pupils rather than to have the
3.12 general education revenue paid to a fiscal agent school district. Except as provided in
3.13 paragraph (e), the district of residence must pay tuition equal to at least 90 and no more
3.14 than 100 percent of the district average general education revenue per pupil unit minus
3.15 an amount equal to the product of the formula allowance according to section 126C.10,
3.16 subdivision 2, times .0466, calculated without compensatory revenue, local optional
3.17 revenue, and transportation sparsity revenue, times the number of pupil units for pupils
3.18 attending the area learning center.

3.19 (g) Notwithstanding section 123A.26, additional revenue under section 123A.05,
3.20 subdivision 2a, must be paid by the Department of Education directly to an area learning
3.21 center operated by an intermediate school district, education district, service cooperative,
3.22 or other joint powers entity under this subdivision. For each qualifying area learning
3.23 center, the additional revenue equals the number of pupil units attending the area learning
3.24 center times the sum of the average referendum revenue and local optional revenue for the
3.25 member districts of that cooperative unit.

3.26 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2016
3.27 and later.

3.28 Sec. 4. **APPROPRIATION; AREA LEARNING CENTER ADDITIONAL AID.**

3.29 \$..... in fiscal year 2016 and \$..... in fiscal year 2017 are appropriated from the
3.30 general fund to the commissioner of education for payment of additional state aid for area
3.31 learning center programs under section 123A.05.